

	11-Nov	18-Nov	Change		11-Nov	18-Nov	Change
BIST-100 Index	4,456	4,527	1.6 % ▲	EUR/USD	1.0352	1.0324	-0.3 % ▼
TRY 2 Year Benchmark Rate	14.03 %	12.39 %	-164 bp ▼	USD/TRY	18.5705	18.5889	0.1 % ▲
Turkey 5-Year CDS Premium	556	581	25 bp ▲	EUR/TRY	19.2346	19.2253	0.0 % ●
MSCI EM Equity Index	936	943	0.8 % ▲	Gold (USD/ounce)	1,771	1,750	-1.2 % ▼
US 10-Year Bond Rate	% 3,83*	3.82 %	-2 bp ▼	Brent Oil (USD/barrel)	96.0	87.6	-8.7 % ▼

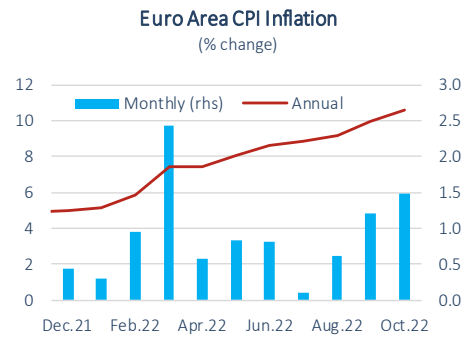
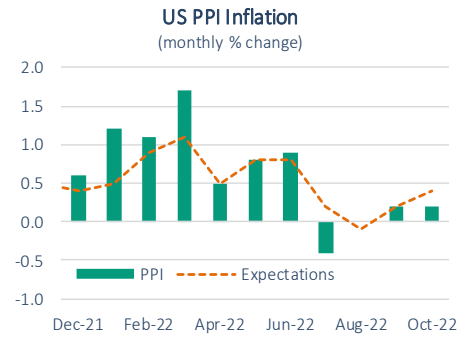
bp: basis point

* As of November 10

Last week, according to the data released in the US the industrial and housing sectors showed a negative performance in October, while regional leading indicators gave mixed signals regarding economic activity. In the Euro Area, annual CPI inflation remained at historically high levels at 10.6% in October. The industrial production index for September rose above the expectations in the Euro Area. In Türkiye, central government budget gave a deficit of 83.3 billion TRY in October. The results of the CBRT's survey of market participants indicated that the deterioration in inflation expectations continued. Fitch affirmed Türkiye's "B" credit rating and its "negative" outlook. This week, the preliminary PMI data for the US and Euro Area will be top on the agenda of global markets. In Türkiye, CBRT's Monetary Policy Committee meeting will be monitored.

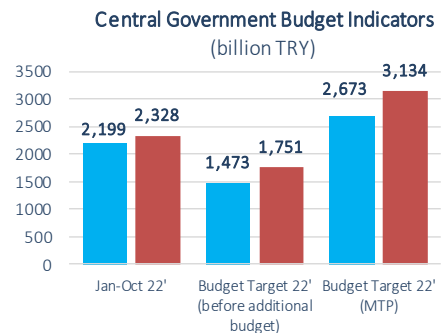
In the US, the industrial and housing sectors showed a negative performance in October.

In the US, producer prices rose by 0.2% mom in October, below the market expectations. Thus, the annual increase in PPI realized as 8%, the lowest level since July 2021. In this period, the decrease in the services group for the first time since November 2020 was noteworthy. Lower than expected both PPI and CPI figures in October pointed out that the effects of the Fed's interest rate hikes on economic activity became more evident. As a matter of fact, industrial production contracted by 0.1% on a monthly basis in October, despite the expectations for an increase. In addition the monthly rise, which was previously announced as 0.4%, was revised downward to 0.1% in September. In addition, house starts declined by 4.2% mom and build permits decreased by 2.4% mom in October. In this period, existing home sales also decreased by 5.9% to its lowest level since May 2020. On the other hand, the leading indicators of economic activity in the US diverge on a regional basis. The NY Fed manufacturing index for November increased by 13.6 points compared to the previous month, exceeding the estimates with 4.5 points, the Philadelphia Fed manufacturing index decreased by 10.7 points to -19.4.



Industrial production in the Euro Area grew by 0.5% in Q3

In the Euro Area, industrial production in September increased by 0.9% mom, exceeding market expectations. In this developments, the 3.6% monthly increase in the production of non-durable consumer goods was influential. Thus, industrial production rose by 0.5% in the third quarter of 2022 compared to the previous period. In October, consumer price inflation in the region reached a historical high of 10.6% yoy in line with the rise in energy prices. However, core inflation, which is calculated by excluding energy and food products, continued to rise indicating widespread price increases.



The central government budget gave a deficit of 83.3 billion TRY in October.

In October, the central government budget deficit rose by nearly 4 times on an annual basis, reaching 83.3 billion TRY, the highest level of this year. In this period, budget revenues increased by 96.6%, while expenditures expanded by 133.9%. In October, the primary budget balance gave a deficit of 22.1 billion TRY. The budget deficit in the first 10 months of the year, expanded by 64% compared to the previous year and reached 128.8 billion TRY due to the rise in current transfers and compensation of employees ([Our Budget Balance report](#)).

Source: Datastream, Treasury

Contraction in house sales continues, while the increase in residential property price index lost momentum.

According to CBRT data, residential property price index in Türkiye recorded the slowest increase of the last one year with 4.9% mom in September, while the annual increase in prices rose to 189.2%. The annual real increase in housing prices realized as 58%. In this period, the region where the housing prices increased the fastest in nominal terms was Antalya, Burdur and Isparta with 235.8%. In Istanbul, Ankara and Izmir, price increases were 212.1%, 196% and 185.8%, respectively.

In October, house sales decreased by 25.3% yoy to 103 thousand units. In this period, mortgaged house sales stood out with a decrease by 52.7% compared to the same period of the previous year, to 13 thousand units, due to the upward trend in housing loan interest rates. Thus, the share of mortgaged house sales in total sales became 12.9% in October. New house sales contracted by 22% and second hand sales by 26.7% yoy. In the January-October period, total house sales increased by 6.7% compared to the same period of the previous year, amounting to approximately 1.2 million units.

The number of foreign visitors increased by 88.1% yoy in the first 10 months.

The number of foreign visitors recorded an annual increase of 38.4% in October, while rose by 88.1% to 39.6 million in the first 10 months compared to the same period of the previous year. In this period, Germany had the highest share of visitors to Türkiye with 5.3 million people, followed by Russia with 4.6 million people and UK with 3.2 million people. When compared to the first 10 months of 2019, the number of foreign visitors decreased by 2.7% in January-October period in 2022.

The CBRT published the results of the Survey of Market Participants.

In the CBRT's Survey of Market Participants for November, the market's 2022 year-end inflation expectation was 68.06%, while the annual inflation expectation for the next 12 months was 37.47%. According to the survey results, the CBRT is expected to cut the policy rate by 150 basis points at its November meeting. It was noteworthy that the market's year-end USD/TRY forecast decreased from 19.82 to 19.54 in November.

Fitch affirmed Türkiye's credit rating.

International credit rating agency Fitch affirmed Türkiye's "B" credit rating and did not change its "negative" rating outlook. Fitch set its growth expectation for the Turkish economy as 5.6% for 2022, and 2.9% for 2023 and 2024. Fitch announced its average inflation forecasts for 2022 and 2023 as 72.5% and 59%, respectively.

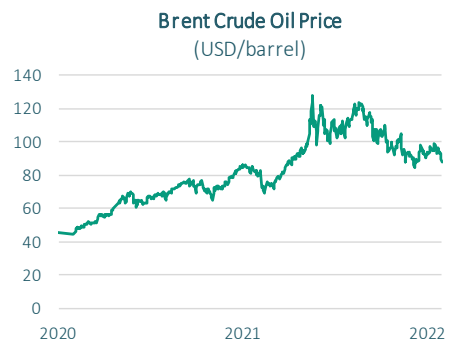
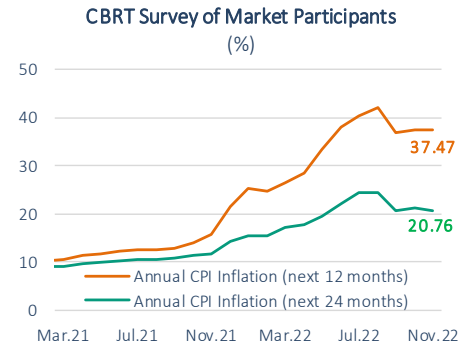
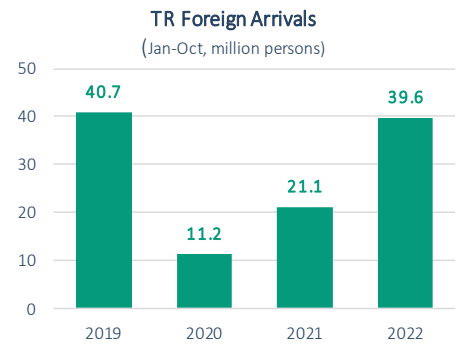
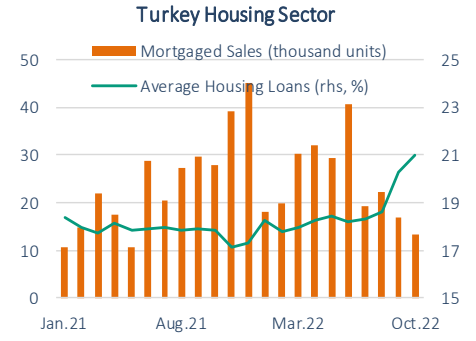
Oil prices fell sharply on a weekly basis.

Last week, the global stock markets exhibited a downward course in general. Oil prices fell sharply as concerns about weakening demand in China and Fed officials' mixed signals about rate hikes. The price of Brent crude oil per barrel decreased by 8.7% wov to 87.6 USD. OPEC's reduction of daily global oil demand forecasts in its November report indicated that the decline in oil prices may continue.

BIST-100 index, which followed a positive course until the middle of the week, rose to 4.527 with an increase of 1.6% on a weekly basis, despite the strong selling pressure that was effective in the end of the week. The 2-year benchmark bond yield decreased by 164 basis points wov to 12.39%, while Türkiye's 5-year CDS premium increased by 25 basis points.

This week's agenda...

This week, preliminary PMI data for November in the US and Euro Area come to the fore in global markets. In Türkiye, the CBRT's Monetary Policy Committee meeting will be followed.



Source: Datastream, Turkstat, Treasury, CBRT,

Data Releases

		Period	Consensus	Prior	
21 November	TR Central Government Gross Debt Stock	October	-	3,675 billion TRY	
	TR Foreign Visitors, yoy	October	38.4% (A)	55.8%	
22 November	TR Consumer Confidence Index	November	-	76.2	
	Euro Area Consumer Confidence, flash	November	-26.0	-27.6	
23 November	USA Manufacturing PMI, flash	November	49.9	50.4	
	USA Services PMI, flash	November	47.7	47.8	
	USA Durable Goods Orders, mom	October	0.4%	0.4%	
	USA Michigan Consumer Confidence, final	November	55.0	54.7	
	USA New Home Sales, mom	October	0.57 million	0.60 million	
	Euro Area Manufacturing PMI, flash	November	46.0	46.4	
	Euro Area Services PMI, flash	November	48.1	48.6	
	24 November	CBRT Monetary Policy Meeting	November	9.0%	10.5%
		TR Capacity Utilization Rate	November	-	76.9%
TR Real Sector Confidence Index		November	-	100.3	
Services, Retail Trade and Construction Confidence Indices		November	-	-	

(A) Actual

Economic Research Division

Alper Grlr
Division Head
alper.gurler@isbank.com.tr

Ph. D. Mustafa Kemal Gndođdu
Asst. Manager
kemal.gundogdu@isbank.com.tr

H. Erhan Gl
Unit Manager
erhan.gul@isbank.com.tr

Ahmet Berat Ocak
Asst. Economist
berat.ocak@isbank.com.tr

Our reports are available on our website <https://research.isbank.com.tr>

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